

Committee on the Budget

Jim Nussle, Chairman

United States House of Representatives

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On the Right Track

"We ought to be aware that allowing either side--either extremely large surpluses or extremely large deficits--both have significant negatives."

– Federal Reserve Board Chairman Alan Greenspan, Budget Committee Hearing, March 2, 2001

"[Chairman Greenspan] also noted that the Fed already has reduced its target for overnight interest rates by 2.75 percentage points this year, and those reductions coupled with the tax rebates many American households will be receiving in coming weeks 'should be increasingly affecting economic activity as the year progresses.'" -- *The Orlando Sentinel*, July 19, 2001

"The U.S. economy in the second half should reaccelerate as a result of the Fed's easing [rate cuts] actions earlier this year, falling energy prices as well as the tax rebates," said Gruntal & Co. chief economist Joseph Battipaglia. -- *Daily News*, August 7, 2001

"Growth in the third quarter should be slightly firmer, thanks to tax rebates," said Bruce Steinberg of Merrill Lynch & Co. in New York, *The Orlando Sentinel*, July 28, 2001.

"There's hope that things will get better because the Federal Reserve has eased [rates] aggressively' and tax rebate checks are on the way," said Fred Breimyer, chief economist at State Street Bank & Trust Co. in Boston. -- *The Boston Globe*, July 25, 2001

"According to a Standard & Poor's analysis, the economy will be jolted by \$38 billion in tax rebates in the third quarter, plus another \$13 billion from the lowering of withholding rates. Some analysts say the result will be a full percentage-point boost in economic growth in the second half of the year. 'It could give the economy a tremendous lift,' said Bill Sullivan, an analyst for Morgan Stanley." -- *Sacramento Bee*, July 15, 2001

"Sung Won Sohn, chief economist at Wells Fargo Bank in Minneapolis, said the tax rebates along with improvements in the automobile and housing sector should push the economy to a 3.5 percent annual growth rate by year's end." -- *Chicago Tribune*, July 1, 2001

"Economist Neal Soss of Credit Suisse First Boston Corp. said **'economic growth of 2 to 3 percent is eminently achievable' in the second half, thanks to the stimulus from the tax cuts** and from contributions by consumer spending, housing and autos." -- *Chicago Tribune*, July 1, 2001

"Without that tax cut, the hopes for escaping a recession would be a lot dimmer than they are today,' says former Fed governor Lyle Gramley. **'This is one of the first times a fiscal policy change has been timely enough to do some real good.'**" -- *The Christian Science Monitor*, June 25, 2001

"Economists say recession not on the cards for U.S. **"The tax rebate should give a sizable boost in the third quarter and the fourth quarter. If it wasn't for the rebate, you would probably have had more deterioration late this year,"** said Stephen Stanley, senior financial economist at Greenwich Capital Markets in Greenwich, Connecticut.-- *Calgary Herald*, July 24, 2001

Morgan Stanley Dean Witter, the Wall Street brokerage firm, is telling its clients that **"the tax bill delivers fiscal stimulus sooner than we've been expecting, and it packs a punch:** We estimate that it will boost second-half growth by about 1 1/4 points." *The Washington Times*, July 22, 2001

"New York Federal Reserve Bank President William McDonough believes that the **'tax cut could increase real GDP** by 0.4 percent this calendar year or roughly twice that rate in the second half of the year and by 0.7 percent in 2002.'" *The Washington Times*, July 22, 2001